#### SCHEDULE K Shareholder's Statement of IC-DISC Distributions—1991 OMB No. 1545-0938 (Form 1120-IC-DISC) For calendar year 1991 or other tax year COPY A-File with beginning ....., 1991, ending ..... Department of the Treasury Form 1120-IC-DISC (Complete for each shareholder—See instructions on back of Copy C.) Internal Revenue Service **Taxable Distributions** Part I Deemed distributions: (a) Under section 995(b)(1) . . . . . . (b) Annual installment under section 995(b)(2). (c) Total—Add lines 1(a) and 1(b). Actual taxable distributions Total taxable distributions—Add line 1(c) and line 2 (Enter here and in Section A or B below.) Section A.—C Corporations (a) Part of line 3 above entitled to section 243 dividends-received deduction . (b) Part of line 3 above NOT entitled to dividends-received deduction Section B.—Shareholders Other Than C Corporations Shareholder's portion of taxable dividends on line 3 **Nontaxable Distributions** Part II 1 Actual distributions out of previously taxed income and accumulated pre-1985 DISC income Other actual nontaxable distributions. Total nontaxable distributions—Add lines 1 and 2 Part III Other Information Accumulated IC-DISC income attributable to stock sold during the year 2 Deferred DISC income (see instructions) Name, employer identification number, and address (including ZIP code) of IC-DISC, former DISC, or former IC-DISC Shareholder's name, identifying number, and address (including ZIP code) Schedule K (Form 1120-IC-DISC) 1991 For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 1120-IC-DISC. Cat. No. 11474A **SCHEDULE K** Shareholder's Statement of IC-DISC Distributions—1991 OMB No. 1545-0938 (Form 1120-IC-DISC) For calendar year 1991 or other tax year COPY A-File with , 19 . . . . beginning \_\_ , 1991, ending ... Department of the Treasury Form 1120-IC-DISC (Complete for each shareholder—See instructions on back of Copy C.) Internal Revenue Service Taxable Distributions Part I Deemed distributions: (a) Under section 995(b)(1) . . . . . (b) Annual installment under section 995(b)(2). (c) Total—Add lines 1(a) and 1(b) . . 2 Actual taxable distributions Total taxable distributions—Add line 1(c) and line 2 (Enter here and in Section A or B below.) Section A.—C Corporations (a) Part of line 3 above entitled to section 243 dividends-received deduction (b) Part of line 3 above NOT entitled to dividends-received deduction -Shareholders Other Than C Corporations

## (Form 1120-IC-DISC)

### Shareholder's Statement of IC-DISC Distributions—1991

OMB No. 1545-0938

For calendar year 1991 or other tax year

Department of the Treasury internal Revenue Service	beginning , 1991, (Complete for each shareholder—S	ending , 19ee instructions on back of Copy C.)	For Shareholder
Part I Taxable Dis	stributions		
<ol> <li>Deemed distributions</li> </ol>	: <b>(a)</b> Under section 995(b)(1)		
	(b) Annual installment under section	n 995(b)(2)	
	(c) Total—Add lines 1(a) and 1(b).		
2 Actual taxable distrib			
Section A.—C Corpor		ere and in Section A or B below.)	
(b) Part of line 3 abo	ove entitled to section 243 dividends-re- ove NOT entitled to dividends-received	ceived deduction	
	ders Other Than C Corporations	deduction	
Part II Nontaxable	Distributions		
1 Actual distributions o	ut of previously taxed income and acci	umulated pre-1985 DISC income	
2 Other actual nontaxal	ble distributions		
3 Total Hontaxable distr	ibutions—Add lines I and 2	<u> </u>	
Part III Other Infor	mation		
1 Accumulated IC-DISC 2 Deferred DISC incom-	C income attributable to stock sold duri e (see instructions).	ng the year	
		Name, employer identification number, and add	
Shareholder's name, identifying n	number, and address (including ZIP code)	of IC-DISC, former DISC, or former IC-DISC	
	Gat. NO.	11474A Schedule K	(Form 1120-IC-DISC) 1991
SCHEDULE K (Form 1120-IC-DISC)	Shareholder's Statement of	IC-DISC Distributions—1991	(Form 1120-IC-DISC) 1991
(Form 1120-IC-DISC)	Shareholder's Statement of For calendar year 19	IC-DISC Distributions—1991 91 or other tax year	OMB No. 1545-0938
(Form 1120-IC-DISC)  Department of the Treasury Internal Revenue Service	Shareholder's Statement of For calendar year 19 beginning, 1991, 6 (Complete for each shareholder—Se	IC-DISC Distributions—1991 91 or other tax year ending	OMB No. 1545-0938
(Form 1120-IC-DISC)  Department of the Treasury Internal Revenue Service  Part I Taxable Dis	Shareholder's Statement of For calendar year 19 beginning, 1991, 6 (Complete for each shareholder—Se	IC-DISC Distributions—1991 91 or other tax year ending, 19 ee instructions on back of Copy C.)	OMB No. 1545-0938
(Form 1120-IC-DISC)  Department of the Treasury Internal Revenue Service  Part I Taxable Dis  1 Deemed distributions:  2 Actual taxable distribution	Shareholder's Statement of For calendar year 19 beginning, 1991, 6 (Complete for each shareholder—Setributions  (a) Under section 995(b)(1) (b) Annual installment under section (c) Total—Add lines 1(a) and 1(b) .	IC-DISC Distributions—1991  191 or other tax year  191 or other tax year  19 or other tax year  19 or other tax year  29 or other tax year  20 or other tax year  21 or other tax year  22 or other tax year  23 or other tax year  24 or other tax year  25 or other tax year  26 or other tax year  27 or other tax year  28 or other tax year  29 or other tax year  20 or other tax year  21 or other tax year  22 or other tax year  23 or other tax year  24 or other tax year  25 or other tax year  26 or other tax year  27 or other tax year  28 or other tax year  29 or other tax year  20 or other tax year  21 or other tax year  22 or other tax year  23 or other tax year  24 or other tax year  25 or other tax year  26 or other tax year  27 or other tax year  28 or other tax year  29 or other tax year  20 or other tax year  21 or other tax year  22 or other tax year  23 or other tax year  24 or other tax year  25 or other tax year  26 or other tax year  27 or other tax year  28 or other tax year  29 or other tax year  20 or other tax year  21 or other tax year  22 or other tax year  23 or other tax year  24 or other tax year  26 or other tax year  27 or other tax year  28 or other tax year  29 or other tax year  20 or other tax year  20 or other ta	COPY B—For Shareholder
(Form 1120-IC-DISC)  Department of the Treasury Internal Revenue Service  Part I Taxable Dis  1 Deemed distributions:  2 Actual taxable distribution	Shareholder's Statement of For calendar year 19 beginning , 1991, 6 (Complete for each shareholder—Sestributions  (a) Under section 995(b)(1) (b) Annual installment under section (c) Total—Add lines 1(a) and 1(b) . utions	IC-DISC Distributions—1991  191 or other tax year  191 or other tax year  192 or other tax year  193 or other tax year  294 or other tax year  295 or other tax year  296 or other tax year  297 or other tax year  298 or other tax year  298 or other tax year  299 or other tax year  290 or other tax	COPY B—For Shareholder
(Form 1120-IC-DISC)  Department of the Treasury Internal Revenue Service  Part I Taxable Distributions:  1 Deemed distributions:  2 Actual taxable distributions:  3 Total taxable distributions:  Section A.—C Corporation of the Part of line 3 about the properties of the properties o	Shareholder's Statement of For calendar year 19 beginning	IC-DISC Distributions—1991 91 or other tax year ending, 19 ee instructions on back of Copy C.)  995(b)(2)	OMB No. 1545-0938  COPY B— For Shareholder
Part I Taxable Distributions:  2 Actual taxable distributions 3 Total taxable distributions 4 (a) Part of line 3 aboub Part of line 3 a	Shareholder's Statement of For calendar year 19 beginning, 1991, 6 (Complete for each shareholder—So stributions  (a) Under section 995(b)(1) (b) Annual installment under section (c) Total—Add lines 1(a) and 1(b) utions ions—Add line 1(c) and line 2 (Enter he ations  ve entitled to section 243 dividends-received of	IC-DISC Distributions—1991 91 or other tax year ending	OMB No. 1545-0938  COPY B— For Shareholder
Part I Taxable Distributions:  2 Actual taxable distributions:  2 Actual taxable distributions:  3 Total taxable distributions:  5 Section A.—C Corporation (b) Part of line 3 about Section B.—Sharehold	Shareholder's Statement of For calendar year 19 beginning	IC-DISC Distributions—1991  91 or other tax year  ending, 19  ee instructions on back of Copy C.)  995(b)(2)  re and in Section A or B below.)  ceived deduction  deduction	OMB No. 1545-0938  COPY B— For Shareholder
Part I Taxable Dis  Department of the Treasury Internal Revenue Service  Part I Taxable Dis  Deemed distributions:  Actual taxable distributions:  Corporation A.—C Corporation  (a) Part of line 3 aboomore (b) Part of line 3 aboomore (c) Shareholder's portion	Shareholder's Statement of For calendar year 19 beginning	IC-DISC Distributions—1991 91 or other tax year ending, 19 ee instructions on back of Copy C.)  995(b)(2)	OMB No. 1545-0938  COPY B— For Shareholder
Part I Taxable Distance In Deemed distributions:  2 Actual taxable distributions:  2 Actual taxable distributions:  3 Total taxable distributions:  5 Section A.—C Corporation Part II Nontaxable  1 Actual distributions of Other actual nontaxable	Shareholder's Statement of For calendar year 19 beginning, 1991, 6 (Complete for each shareholder—Setributions  (a) Under section 995(b)(1) (b) Annual installment under section (c) Total—Add lines 1(a) and 1(b) itions ions—Add line 1(c) and line 2 (Enter he ations we entitled to section 243 dividends-received of the entitled to dividends-received of the entitled to dividends-received of the entitled to dividends on line 3 Distributions  It of previously taxed income and accurate the entitle of the entitle	IC-DISC Distributions—1991 91 or other tax year ending	OMB No. 1545-0938  COPY B— For Shareholder
Part I Taxable Distance In Deemed distributions:  2 Actual taxable distributions:  2 Actual taxable distributions:  3 Total taxable distributions:  5 Section A.—C Corporation Part II Nontaxable  1 Actual distributions of Other actual nontaxable	Shareholder's Statement of For calendar year 19 beginning, 1991, 6 (Complete for each shareholder—So stributions  (a) Under section 995(b)(1) (b) Annual installment under section (c) Total—Add lines 1(a) and 1(b) . utions	IC-DISC Distributions—1991  91 or other tax year  ending, 19  ee instructions on back of Copy C.)  995(b)(2)  re and in Section A or B below.)  ceived deduction  deduction  mulated pre-1985 DISC income	OMB No. 1545-0938  COPY B— For Shareholder
Part I Taxable Distributions:  2 Actual taxable distributions:  2 Actual taxable distributions:  3 Total taxable distributions:  4 (a) Part of line 3 aboo (b) Part of line 3 aboo (b) Part of line 3 aboo Section B.—Sharehold:  5 Shareholder's portion Part II Nontaxable:  1 Actual distributions of 2 Other actual nontaxable distributions of 2 Other actual nontaxable distributions of 3 Total nontaxable distributions of 4 Accumulated IC-DISC	Shareholder's Statement of For calendar year 19 beginning	IC-DISC Distributions—1991  91 or other tax year  ending, 19 ee instructions on back of Copy C.)  995(b)(2)  re and in Section A or B below.)  ceived deduction  deduction  mulated pre-1985 DISC income  ing the year	OMB No. 1545-0938  COPY B— For Shareholder
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#### Instructions for Shareholder

(References are to the Internal Revenue Code.)

Note: If applicable, be sure to include the
1991 portion of any 1984 deemed distribution
on your 1991 return.

- A. Purpose.—You will receive Copy B of Schedule K (Form 1120-IC-DISC) if you had an actual or deemed distribution from an IC-DISC, former IC-DISC, or former DISC, or the IC-DISC reports deferred DISC income to you on line 2, Part III. Please keep it for your records. Do not file it with your income tax return.
- **B. Taxable Distributions.**—Report the following as "Distributions from an IC-DISC":
- Deemed and actual taxable distributions, and
- Gain, to the extent of accumulated IC-DISC income, on the sale of stock (see Instruction D).

Deemed Distributions.—You are treated as having received deemed distributions (line 1(c), Part I) as of the last day of the IC-DISC's tax year. You must pay tax on the distributions in your tax year that includes that date.

Actual Distributions.—You must pay tax on actual taxable distributions (line 2, Part I) in the year of receipt.

C. Section A—C Corporations.—Line 4(a), Section A, shows the part of the total taxable distribution on line 3, Part I, that qualifies for the 70% or 80% dividends-received deduction under section 243. Line 4(b) shows the part that is **not** entitled to the section 243 deduction.

Section B—Shareholders Other Than C Corporations.—If you are an individual, partnership, S corporation, estate, or trust, line 5 shows your share of line 3, Part I, distributions taxable to you as a dividend.

For a tax-exempt entity, any deemed distribution or actual distribution of previously untaxed income is treated as derived from the conduct of an unrelated trade or business.

D. Disposing of IC-DISC Stock.—If you disposed of stock in an IC-DISC, former IC-DISC, or former DISC, you may be required to include all or part of the gain in your income. The gain, reported as a dividend under section 995(c), is included to the extent of accumulated IC-DISC income attributable to the stock while you held it. This dividend is not eligible for the section 243 dividends-received deduction.

For a tax-exempt entity, the gain under section 995(c) is treated as derived from the conduct of an unrelated trade or business.

Foreign shareholders treat all gains on the disposition of stock in an IC-DISC, former IC-DISC, or former DISC and all distributions from accumulated IC-DISC income or accumulated pre-1985 DISC income, including deemed distributions, as effectively connected with the conduct of a trade or business through a permanent establishment within the U.S. See section 996(g) for details.

Line 1, Part III, shows accumulated IC-DISC income attributable to the stock while you held it.

- E. Acquiring an IC-DISC Stock.—If you acquired stock in an IC-DISC or from a shareholder described in instruction D, you may be able to treat part of the distribution on line 1(a), 1(b) (or both) of Part I as a nontaxable distribution of previously taxed income. See section 996(d) for details.
- F. Nontaxable Distributions.—Actual distributions from previously taxed income and accumulated pre-1985 DISC income are generally not taxable to the extent of your basis in the stock for which the distribution was made. Except for distributions of accumulated IC-DISC income and of earnings and profits from the time before the corporation became an IC-DISC, other actual distributions (line 2, Part II) are also not taxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property. See section 996(e).
- G. Deferred DISC Income.—Line 2, Part III, shows your share of the IC-DISC's deferred income for the year. Section 995(f) imposes an interest charge on the additional tax you would be required to pay if this deferred income were included in your income for your tax year that ends with or includes the IC-DISC's tax year end shown on Schedule K. Complete Form 8404, Computation of Interest Charge on DISC-Related Deferred Tax Liability, to figure your interest due. Note: Rev. Rul. 91-59, 1991-45 I.R.B. 6, contains the "base period T-bill rate" for line 8 of Form 8404 for tax years beginning in 1991.

#### Instructions for Shareholder

(References are to the Internal Revenue Code.)

Note: If applicable, be sure to include the
1991 portion of any 1984 deemed distribution
on your 1991 return.

- A. Purpose.—You will receive Copy B of Schedule K (Form 1120-IC-DISC) if you had an actual or deemed distribution from an IC-DISC, former IC-DISC, or former DISC, or the IC-DISC reports deferred DISC income to you on line 2, Part III. Please keep it for your records. Do not file it with your income tax return
- **B. Taxable Distributions.**—Report the following as "Distributions from an IC-DISC":
- Deemed and actual taxable distributions, and
- Gain, to the extent of accumulated IC-DISC income, on the sale of stock (see Instruction D).

Deemed Distributions.—You are treated as having received deemed distributions (line 1(c), Part I) as of the last day of the IC-DISC's tax year. You must pay tax on the distributions in your tax year that includes that date.

Actual Distributions.—You must pay tax on actual taxable distributions (line 2, Part I) in the year of receipt.

C. Section A—C Corporations.—Line 4(a), Section A, shows the part of the total taxable distribution on line 3, Part I, that qualifies for the 70% or 80% dividends-received deduction under section 243. Line 4(b) shows the part that is **not** entitled to the section 243 deduction.

Section B—Shareholders Other Than C Corporations.—If you are an individual, partnership, S corporation, estate, or trust, line 5 shows your share of line 3, Part I, distributions taxable to you as a dividend.

For a tax-exempt entity, any deemed distribution or actual distribution of previously untaxed income is treated as derived from the conduct of an unrelated trade or business.

D. Disposing of IC-DISC Stock.—If you disposed of stock in an IC-DISC, former IC-DISC, or former DISC, you may be required to include all or part of the gain in your income. The gain, reported as a dividend under section 995(c), is included to the extent of accumulated IC-DISC income attributable to the stock while you held it. This dividend is not eligible for the section 243 dividends-received deduction.

For a tax-exempt entity, the gain under section 995(c) is treated as derived from the conduct of an unrelated trade or business.

Foreign shareholders treat all gains on the disposition of stock in an IC-DISC, former IC-DISC, or former DISC and all distributions from accumulated IC-DISC income or accumulated pre-1985 DISC income, including deemed distributions, as effectively connected with the conduct of a trade or business through a permanent establishment within the U.S. See section 996(g) for details.

Line 1, Part III, shows accumulated IC-DISC income attributable to the stock while you held it.

- E. Acquiring an IC-DISC Stock.—If you acquired stock in an IC-DISC or from a shareholder described in instruction D, you may be able to treat part of the distribution on line 1(a), 1(b) (or both) of Part I as a nontaxable distribution of previously taxed income. See section 996(d) for details.
- F. Nontaxable Distributions.—Actual distributions from previously taxed income and accumulated pre-1985 DISC income are generally not taxable to the extent of your basis in the stock for which the distribution was made. Except for distributions of accumulated IC-DISC income and of earnings and profits from the time before the corporation became an IC-DISC, other actual distributions (line 2, Part II) are also not taxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property. See section 996(e).
- G. Deferred DISC Income.—Line 2, Part III, shows your share of the IC-DISC's deferred income for the year. Section 995(f) imposes an interest charge on the additional tax you would be required to pay if this deferred income were included in your income for your tax year that ends with or includes the IC-DISC's tax year end shown on Schedule K. Complete Form 8404, Computation of Interest Charge on DISC-Related Deferred Tax Liability, to figure your interest due. Note: Rev. Rul. 91-59, 1991-45 I.R.B. 6, contains the "base period T-bill rate" for line 8 of Form 8404 for tax years beginning in 1991.

#### SCHEDULE K Shareholder's Statement of IC-DISC Distributions—1991 OMB No. 1545-0938 (Form 1120-IC-DISC) For calendar year 1991 or other tax year COPY Cbeginning ....., , 1991, ending ..... Department of the Treasury For IC-DISC's records (Complete for each shareholder—See instructions on back of Copy C.) Internal Revenue Service Taxable Distributions Part I Deemed distributions: (a) Under section 995(b)(1) . . . . . (b) Annual installment under section 995(b)(2). (c) Total—Add lines 1(a) and 1(b). Actual taxable distributions 3 Total taxable distributions—Add line 1(c) and line 2 (Enter here and in Section A or B below.) Section A.—C Corporations (a) Part of line 3 above entitled to section 243 dividends-received deduction . (b) Part of line 3 above NOT entitled to dividends-received deduction -Shareholders Other Than C Corporations 5 Shareholder's portion of taxable dividends on line 3 **Nontaxable Distributions** Part II 1 Actual distributions out of previously taxed income and accumulated pre-1985 DISC income . Other actual nontaxable distributions . . . Total nontaxable distributions—Add lines 1 and 2 **Other Information** Part III Accumulated IC-DISC income attributable to stock sold during the year Deferred DISC income (see instructions) Name, employer identification number, and address (including ZIP code) Shareholder's name, identifying number, and address (including ZIP code) of IC-DISC, former DISC, or former IC-DISC Schedule K (Form 1120-IC-DISC) 1991 Cat. No. 11474A For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 1120-IC-DISC. **SCHEDULE K** Shareholder's Statement of IC-DISC Distributions—1991 OMB No. 1545-0938 (Form 1120-IC-DISC) For calendar year 1991 or other tax year COPY C-, 19 beginning ... ..... , 1991, ending ... Department of the Treasury For IC-DISC's records (Complete for each shareholder—See instructions on back of Copy C.) Internal Revenue Service Taxable Distributions Part I 1 Deemed distributions: (a) Under section 995(b)(1) . . . . . (b) Annual installment under section 995(b)(2). (c) Total—Add lines 1(a) and 1(b) . . Actual taxable distributions Total taxable distributions—Add line 1(c) and line 2 (Enter here and in Section A or B below.) Section A.—C Corporations (a) Part of line 3 above entitled to section 243 dividends-received deduction (b) Part of line 3 above NOT entitled to dividends-received deduction Section B.—Shareholders Other Than C Corporations 5 Shareholder's portion of taxable dividends on line 3 **Nontaxable Distributions** Actual distributions out of previously taxed income and accumulated pre-1985 DISC income Other actual nontaxable distributions.

Accumulated IC-DISC income attributable to stock sold during the year .

Total nontaxable distributions—Add lines 1 and 2

Shareholder's name, identifying number, and address (including ZIP code)

Other Information

Deferred DISC income (see instructions).

3

Part III

of IC-DISC, former DISC, or former IC-DISC

Name, employer identification number, and address (including ZIP code)

#### Instructions for IC-DISC

#### **General Instructions**

Complete Schedule K (Form 1120-IC-DISC) for each shareholder who had an actual or deemed distribution during the tax year **or** to whom the corporation is reporting deferred DISC income for the year. File Copy A with Form 1120-IC-DISC. Give Copy B to the shareholder by the last day of the 2nd month after your tax year ends. Keep Copy C for your records.

Actual and deemed distributions (or deferred DISC income) are **not** reported on Form 1099-DIV.

#### **Specific Instructions**

Part I—Taxable Distributions.—On line 1(a) enter the shareholder's part of the deemed distributions under section 995(b)(1) and on line 1(b) enter the portion of the annual installment under section 995(b)(2). The sum of the amounts on these lines for all shareholders should equal the total the corporation reports in Part I and Part III, Schedule J, Form 1120-IC-DISC.

On line 2 of Part I enter the amount of actual distributions that are taxable to the shareholder. These distributions come from accumulated IC-DISC income and other earnings and profits.

**Section A.**—Complete Section A for shareholders that are C corporations. Enter on line 4(a) each shareholder's share of

dividends out of other earnings and profits that are eligible for the dividends-received deduction under section 243. No dividends-received deduction is allowed for a dividend from an IC-DISC, former IC-DISC, or former DISC if it—

- (1) Is paid out of accumulated IC-DISC income or accumulated pre-1985 DISC income;
- (2) Is paid out of previously taxed income; or
- (3) Is a deemed distribution under section 995(b)(1).

**Line 4(b).**—Enter on line 4(b) all Part I income for C corporation shareholders that is taxable and **not** entitled to the dividends-received deduction.

**Section B.**—Complete Section B for shareholders that are individuals, partnerships, S corporations, estates, or trusts. Enter on line 5 each shareholder's taxable share of line 3, Part I.

Part II—Nontaxable Distributions.—On line 1 enter the shareholder's part of actual distributions from previously taxed income and distributions from accumulated pre-1985 DISC income (see instruction for line 12 of Schedule L of Form 1120-IC-DISC). The total of this line for all shareholders should equal the total the corporation reports on line 4a, Part IV, Schedule J, Form 1120-IC-DISC.

On line 2 enter the shareholder's part of actual nontaxable distributions out of other than: (1) previously taxed income, or accumulated pre-1985 DISC income. (2) accumulated IC-DISC income, and (3) other earnings and profits. The total of this line for all shareholders should equal the total nontaxable income reported on line 4d, Part IV, Schedule J, Form 1120-IC-DISC.

Part III—Other Information.—If: (1) a shareholder disposes of stock in an IC-DISC or former DISC, or (2) the stock of an IC-DISC, former IC-DISC, or former DISC is disposed of in a transaction that terminates the separate corporate existence of an IC-DISC, former IC-DISC, or former DISC (other than a mere change in the place of organization), enter on line 1 the accumulated IC-DISC income attributable to the stock that was accumulated in the IC-DISC during the period the shareholder held the stock.

Part III, Line 2.—Enter on line 2 the shareholder's share of the corporation's deferred DISC income at tax year end. See section 995(f) and the instructions for Part V of Schedule J in the Instructions for Form 1120-IC-DISC for information on figuring deferred DISC income. The total of this line for all shareholders should equal the total amount reported on line 3, Part V, Schedule J, Form 1120-IC-DISC.

# Instructions for IC-DISC General Instructions

Complete Schedule K (Form 1120-IC-DISC) for each shareholder who had an actual or deemed distribution during the tax year **or** to whom the corporation is reporting deferred DISC income for the year. File Copy A with Form 1120-IC-DISC. Give Copy B to the shareholder by the last day of the 2nd month after your tax year ends. Keep Copy C for your records.

Actual and deemed distributions (or deferred DISC income) are **not** reported on Form 1099-DIV.

#### Specific Instructions

Part I—Taxable Distributions.—On line 1(a) enter the shareholder's part of the deemed distributions under section 995(b)(1) and on line 1(b) enter the portion of the annual installment under section 995(b)(2). The sum of the amounts on these lines for all shareholders should equal the total the corporation reports in Part I and Part III, Schedule J. "Form 1120-IC-DISC.

On line 2 of Part I enter the amount of actual distributions that are taxable to the shareholder. These distributions come from accumulated IC-DISC income and other earnings and profits.

**Section A.**—Complete Section A for shareholders that are C corporations. Enter on line 4(a) each shareholder's share of

dividends out of other earnings and profits that are eligible for the dividends-received deduction under section 243. No dividends-received deduction is allowed for a dividend from an IC-DISC, former IC-DISC, or former DISC if it—

- (1) Is paid out of accumulated IC-DISC income or accumulated pre-1985 DISC income;
- (2) Is paid out of previously taxed income;
- (3) Is a deemed distribution under section 995(b)(1).

**Line 4(b).**—Enter on line 4(b) all Part I income for C corporation shareholders that is taxable and **not** entitled to the dividends-received deduction.

**Section B.**—Complete Section B for shareholders that are individuals, partnerships, S corporations, estates, or trusts. Enter on line 5 each shareholder's taxable share of line 3, Part I.

Part II—Nontaxable Distributions.—On line 1 enter the shareholder's part of actual distributions from previously taxed income and distributions from accumulated pre-1985 DISC income (see instruction for line 12 of Schedule L of Form 1120-IC-DISC). The total of this line for all shareholders should equal the total the corporation reports on line 4a, Part IV, Schedule J, Form 1120-IC-DISC.

On line 2 enter the shareholder's part of actual nontaxable distributions out of other than: (1) previously taxed income, or accumulated pre-1985 DISC income, (2) accumulated IC-DISC income, and (3) other earnings and profits. The total of this line for all shareholders should equal the total nontaxable income reported on line 4d, Part IV, Schedule J, Form 1120-IC-DISC.

Part III—Other Information.—If: (1) a shareholder disposes of stock in an IC-DISC or former DISC, or (2) the stock of an IC-DISC, former IC-DISC, or former DISC is disposed of in a transaction that terminates the separate corporate existence of an IC-DISC, former IC-DISC, or former DISC (other than a mere change in the place of organization), enter on line 1 the accumulated IC-DISC income attributable to the stock that was accumulated in the IC-DISC during the period the shareholder held the stock.

Part III, Line 2.—Enter on line 2 the shareholder's share of the corporation's deferred DISC income at tax year end. See section 995(f) and the instructions for Part V of Schedule J in the Instructions for Form 1120-IC-DISC for information on figuring deferred DISC income. The total of this line for all shareholders should equal the total amount reported on line 3, Part V, Schedule J, Form 1120-IC-DISC.